

PROVIDING EDUCATION

Get The Facts

About The Birmingham North Old Woodward (N.O.W.) Parking Structure Project



Above: Architectural rendering of the proposed new public parking deck with first floor retail at 333 N. Old Woodward.

The Birmingham (N.O.W.) Project involves replacement of the existing parking deck at **333 N. Old Woodward with added public parking spaces and first floor retail**, extending Bates Street from Willits to Old Woodward, and a new five-story mixed-use building, expected to become home to an **RH (Restoration Hardware) gallery store**. The developer for the project is the Woodward Bates Partners, LLC (WBP).

The City of Birmingham may share only factual and educational information about the Birmingham N.O.W. Project that is verifiable and designed to inform you. The City of Birmingham does not have the luxury of having an opinion or offering assumptions regarding the project. The facts of the project are contained in this newsletter. It is our hope that these pages provide enough information for you to be an informed voter on **August 6, 2019.**

Let's start by setting the record straight.

MYTH:

The project has not had sufficient planning time or public involvement to move forward.

FACT:

Public discourse regarding this project began in **June 2014**. Since then, there have been more than **40 meetings** held in public session and multiple studies completed. This includes a 2015 Parking Demand Study accepted by the City and a site redevelopment concept plan for N. Old Woodward, which was completed in 2016. **These plans are consistent with the downtown Birmingham 2016 plan (adopted in 1996) after extensive public input.**

There have been several committees involved in evaluating the proposed project since June 2014. These committees are the Ad Hoc Parking Study Committee (AHPSC), the Ad Hoc Parking Development Committee (AHPDC), and the AHPDC Subcommittee on Finance. Membership of each of these is comprised of Birmingham residents and business owners.

MYTH:

The additional parking in the new structure will be taken up by the proposed development.

FACT:

The Parking Demand Study evaluated current and future demand with new mixed-use developments and determined that 278 parking spaces were needed. **There would be 414 additional parking spaces with the new structure.** For more details, see inside.

MYTH:

This project is a public land giveaway.

FACT:

Article VII, Section 26 of **the Michigan Constitution does not allow a City to give away its property for private use.** The Woodward Bates Partners, LLC (WBP) will be required to pay a fair-market lease rate and property taxes for the private elements of the project.

MYTH:

The parking deck will be built as a no-bid contract.

FACT:

The competitive bid process began in May 2016 with a request for qualifications (RFQ), proceeded with a request for proposals (RFP) in September 2017 and concluded in June 2018, when the City accepted the May 2018 recommendation of the AHPDC to proceed with WBP's proposal.

MYTH:

The City will not be able to repay the bond debt using revenues from the parking system and will ask for taxpayer support.

FACT:

The City's parking system **does have sufficient reserves and revenue capacity** in the system to pay for continued operations and future debt payments. Further details are provided in this newsletter.

MYTH:

The City will borrow \$57.4 million to complete a \$67 million project.

FACT:

The City will borrow \$50.1 million to complete a \$57.6 million project. The remainder of the funds that are not being borrowed will come from cash reserves in the Parking Enterprise Fund also known as the Automobile Parking System (APS). User fees generate revenues in the fund, no tax dollars are used to support the APS. These funds may only be utilized to reinvest in parking infrastructure and operations. These funds are not available to support other City initiatives, such as senior services, parks, or sewers.

MYTH:

The N.O.W. parking structure is fine as is and does not need much investment other than minor repairs and a facelift.

FACT:

It is true that the deck is safe and operable, but there are potential hazardous conditions that must be addressed now. A preliminary estimate for repairs required to improve the current condition is \$6.3 million. **The structure is over 50 years-old with a repair cycle recommended every 5-10 years at roughly \$2 million per cycle.** The site at N. Old Woodward was selected, because it was the oldest garage in the system and had the greatest expansion potential with the adjoining surface lot.

Please review the detailed information about the Birmingham N.O.W Project in this newsletter. Thank you!

Project Details

THE BIRMINGHAM NORTH OLD WOODWARD (N.O.W.) project involves replacement of the existing parking deck with added public parking spaces and first floor retail, extending Bates Street from Willits to Old Woodward, and a new five-story mixed-use building, expected to become home to an RH (Restoration Hardware) gallery store. The proposed site plan, pictured below, features a two-phased plan. The developer for the project is the Woodward Bates Partners, LLC (WBP). **The City approved a Development Agreement with WBP for Phase 1** of the project. Phase 2 has yet to be approved. Phase 1 includes the public and private elements that are currently under site plan review by the Planning Board.



Left: Current North Old Woodward parking deck.



Right: Architectural rendering of proposed mixed-use development on Site 2.

The City is not contributing to the private elements of the project. WBP will be required to pay a fair market lease rate and property taxes for the vertical structure that will be built during Phase 1 on Site 2.



PROJECT SITES & PHASING

PHASE 1

Public

- Site 1A** Parking Garage
- Site 1B** Bates Street Extension
- Site 3** 1st Floor Retail in Garage

Private

- Site 2** 5-Story Mixed-Use Building

PHASE 2

Public

- Site 1C** Plaza and Connection to Booth Park

Private

- Site 4** 4-Story Retail/Residential Building
- Site 5** 4-Story Mixed-Use Building

TOTAL ACRES

PHASE 1

Public Elements

Sites 1A, 1B, and 3 | 1.831 acres

Private Elements

Site 2 | 0.295 acres

THE PHASE 1 PROJECT INVOLVES 2.126 acres of publicly-owned land. 1.831 acres is required to build the public elements. WBP will construct Site 2 and would lease 0.295 acres of the parcel at a fair-market rate.

The City has not advanced Phase 2 of the project for further study. Phase 2 is included as part of the site plan to assist the Planning Board in evaluating potential cumulative effects, but is subject to a separate approval process after Phase 1 is under construction.

Phase 2 of the project includes Sites 4 and 5, as shown on the site plan and Site 1C, the public plaza and connection to Booth Park from Bates Street. There is a total of 3.9 acres for both phases of the project, of which, proposed private elements for both Phases 1 and 2 account for less than 1 acre.

It is true that the project did not originally begin as a phased approach. However, **after much public feedback concerning the size and scope of the project, the**

City agreed to bifurcate the project and focus the effort on the larger public elements before moving forward with the additional private mixed-use developments. It has been suggested that the City proceed with building just the parking structure and extending the road without involving the private development. **Construction of Site 2 is integral to the design of the parking deck so that it is compatible with other blocks of an active, walkable, and healthy downtown environment.**

PARKING MITIGATION PLAN

THE DEMOLITION AND CONSTRUCTION of the deck and the extension of Bates Street will take approximately two years to complete. The City has been working to develop a multifaceted Parking Mitigation Plan to address the construction period. The City has begun conversations with larger employers to understand their needs and discuss potential options that would work best throughout the period of construction. The initiatives under consideration include:

- **Off-site parking and shuttle operations** from various locations leading into the City
- More robust City-sponsored **valet services**
- City operated **Ridesharing services** between neighboring communities and downtown
- **Luxury Zip-Car** options available in the existing decks for use
- **Daytime trolley** to move employees and guests around downtown
- **A mobile parking app** that illustrates all of these options and shows users the locations of the shuttles and trolley as well as available parking in the decks and on street in real-time.



Left, Right: Architectural renderings of the proposed new public parking deck. The new design creates an active, walkable, and healthy downtown environment.

Below: The proposed new structure will have six stories above ground and three stories below ground with entrances on the north and west sides of the structure along the new extension of Bates Street. The total height of the new structure is 80 feet, which will be consistent with the heights of the adjacent buildings.



KEY DESIGN FEATURES OF THE PROPOSED DECK

THE PROPOSED NEW STRUCTURE will have six stories above ground and three stories below ground with entrances on the north and west sides of the structure along the new extension of Bates Street. The total height of the new structure is 80 feet, which will be consistent with the heights of the adjacent buildings. The main structure entrance (north entrance) will be convertible, allowing for multiple lanes into and out of the structure, helping traffic efficiently maneuver during the morning and evening rush periods. The multiple lanes will also allow for shared access throughout the day. **In addition, the control arms will be placed deeper inside the structure, a design feature that is aimed to prevent traffic backups on Bates Street.**

The structure design will include two-thirds of the floors being flat. The flat floor plates will allow for adaptive reuse of the structure should the City's needs change in the future. **Other design elements of the structure include:**

- Power provided to facilitate the installation of **electric charging stations** should the development of electric vehicles continue.
- **Glass elevators and stairwells**, adding to the safety and security of the structure.
- **Bike racks.**

AGING PARKING INFRASTRUCTURE

BIRMINGHAM IS ACTIVE AND A DESIRED LOCATION FOR LIVE, WORK, AND PLAY. The City's parking structures are currently utilized at nearly 95 percent of capacity during the work week. Downtown parking demand is growing and the City has been planning to address this growing demand since 2014 with the intent to ensure sufficient parking capacity. The proposed deck would hold an **additional 414 public parking spaces** over what exists today.

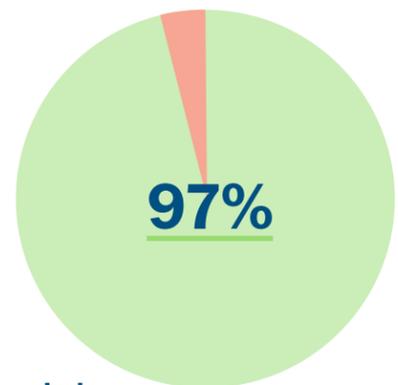
The North Old Woodward parking structure is more than 50 years-old. It is true that the deck is safe and operable, but there are potential hazardous conditions that must be addressed now. A preliminary estimate for repairs required to improve the current condition is \$6.3 million. The structure is over 50 years-old with a repair cycle recommended every 5-10 years at roughly \$2 million per cycle. The site at

N. Old Woodward was selected, because it was the oldest garage in the system and had the greatest expansion potential with the adjoining surface lot. The structure was built in 1966. Salt and water absorption rates in the structure are unknown at this time. **The cost estimates provided here are to ensure the structural integrity of the deck only. These costs do not include figures for elevators or other mechanical systems in the garage.**

Once the Parking Demand Study was completed, the City explored locations to pursue expansion. **When the options were evaluated, it was determined by the AHPSC to move forward with the N.O.W. site, because the adjoining surface lot provided the greatest opportunity to increase parking capacity.**

Average Occupancy of Downtown Parking

Including: Chester Garage, Old Woodward Garage, Park Garage, Peabody Garage, Pierce Garage



97% Occupied
3367 occupied parking spots / 3487 available parking spots



About the P3

Why is the City Pursuing a Public-Private Partnership (P3) to Construct This Project?

THE RATIONALE FOR PURSUING A P3 STRUCTURE to build this project is to minimize the City’s exposure to risk, reduce overall project costs, and engage in a more efficient project delivery model. A P3 delivery model is a globally recognized model that consists of three key partners: 1) Government Entity, 2) Developer, and 3) Design-Builder. Each partner in a P3 has a distinct and separate role.

The Government Entity, which is the City of Birmingham, is responsible for:

- Articulating and validating the **project scope**
- **Reviewing** and approving the project design, budget, and timeline
- **Communicating** with the residents and other stakeholders regarding the project details
- **Holding the developer accountable** for satisfactory project completion

The Developer, WBP is responsible for:

- **Consulting with, advising, assisting and making recommendations** throughout the process including design
- **Preparing a critical path schedule** for completion of project
- **Coordinating all experts and consultants** providing services to the project

- **Making all submittals** on behalf of the City relating to obtaining governmental approvals, licenses and permits that are required to develop, construct and complete the project.
- **Monitoring progress** including schedule and budget
- **Informing the City** immediately of any issues related to the project
- Committing to the Guaranteed Maximum Price (GMP) and **assuming the risk for cost over runs that occur.**

The Design-Builder, Walbridge Aldinger is responsible for:

- **Controlling the budget** to the specific design
- **Being the single source of responsibility and accountability.** The design-builder is accountable for the entire project, including the final look of the project, how much it costs, and how quickly it is completed.
- **Involvement in the project** from start to finish, which adds an inherent efficiency and effectiveness to the process.
- **Providing expertise** in both the design and construction fields
- **Managing hundreds of timelines** that need to coordinate in lockstep. The design-build system is highly adaptive and responsive in the field.



THE PARKING NUMBERS EXPLAINED

THE PARKING DEMAND STUDY conducted by the Ad Hoc Parking Study Committee in 2015 evaluated current and future demand for parking with new mixed-use developments and determined that 278 parking spaces were needed. There would be 414 additional parking spaces with the new structure. As prescribed in the Project RFP, the required parking for Site 2 is 97 spaces. This results in a net gain in public parking of 317 spaces. The following tables provide a breakdown:

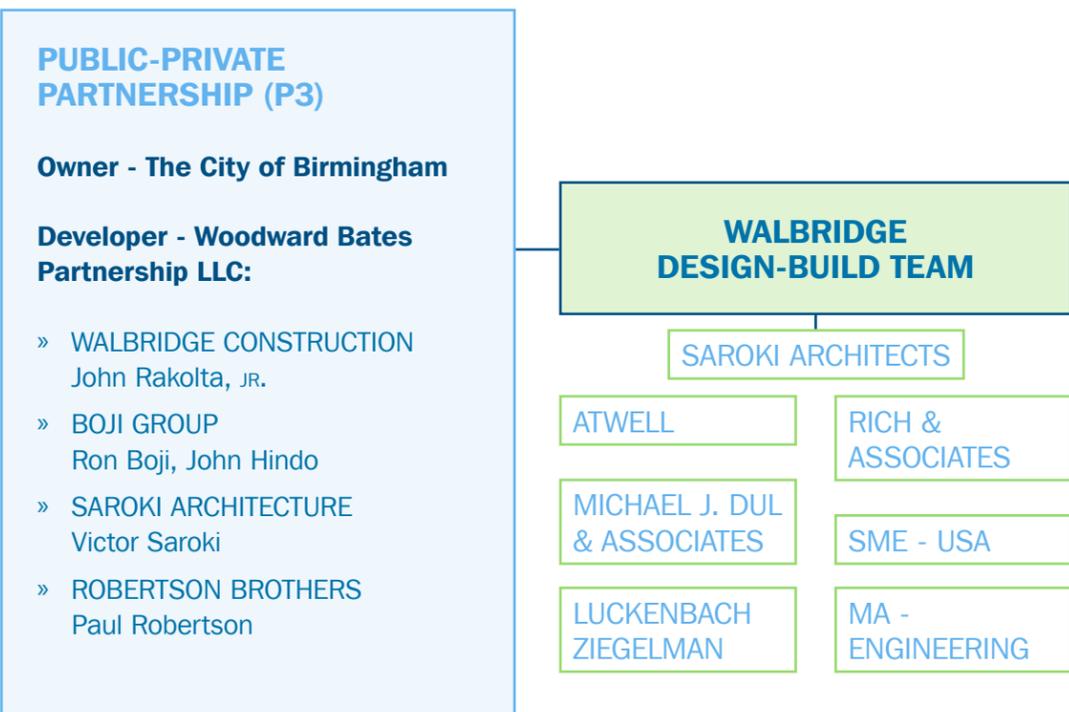
PARKING DEMAND STUDY FINDINGS

CURRENT PARKING AT N.O.W. (DECK AND SURFACE LOT)	745
PARKING DEMAND STUDY FINDINGS (2015-CURRENT AND FUTURE DEMAND)	278
TOTAL PARKING SPACES NEEDED	1,023
TOTAL PARKING SPACES PROPOSED	1,159

NET GAIN IN PARKING

PROPOSED PARKING SPACES FOR PROJECT	1,159
EXISTING PARKING SPACES ON SITE	-745
TOTAL PARKING SPACES ADDED	414
PARKING NEEDS FOR SITE 2: RESTORATION HARDWARE PHASE 2	-97
SITE 4 & 5: If approved, will provide required parking on site	+/- 0
NET PARKING GAIN	317

THIS ORGANIZATIONAL CHART PROVIDES additional insight into the structure of the P3 arrangement. The City of Birmingham is the owner. WBP is the developer for the project. WBP is a partnership comprised of Walbridge Aldinger, the Boji Group, Saroki Architecture, and Robertson Brothers. WBP’s responsibility is to hire a reputable firm with the ability to carry the project through to completion. WBP hired Walbridge Aldinger to serve as the Design-Builder for the project. Walbridge, in turn, has hired and is managing the firms identified in the organizational chart, which include Saroki Architecture, Rich & Associates, Atwell, Michael J. Dul & Associates, SME -USA, MA-Engineering and Luckenbach Ziegelman Architects.



PROJECT HISTORY

THE FOLLOWING TIMELINE PROVIDES A COMPREHENSIVE summary of the processes involved in bringing the project to its current status. The City has taken time to plan for and evaluate this project for over four years. There have been several committees involved in evaluating the proposed project since June 2014. These committees are the Ad Hoc Parking Study Committee (AHPSC), the Ad Hoc Parking Development Committee (AHPDC), and the AHPDC Subcommittee on Finance. Membership of each of these is comprised of Birmingham residents and business owners. The following highlights key decision points in the project’s development from more than 40 public meetings.

1996	
DECEMBER	Downtown Birmingham 2016 Master Plan Recommendation: Willits Block
2013	
MAY	Daytime parking demands increase significantly
NOVEMBER	APC Survey: Business Operators and Building Owners
2014	
MARCH	Ad Hoc Parking Study Committee (AHPSC) Creation
AUGUST	Parking Demand Study Conducted (Current and Future)
2015	
JANUARY	Potential Redevelopment Plan Concept Alternatives: Willits/Old Woodward
MARCH	AHPSC Findings and Recommendations - Accepted by City Commission
MARCH	Ad Hoc Parking Development Committee (AHPDC) Creation
SEPTEMBER	Concept Plan for Downtown Parking System Expansion RFP Issued
2016	
FEBRUARY	Concept Plan for Downtown Parking System Expansion Recommendation, Option 2A
APRIL	AHPDC Parking Assessment Sub-Committee Established-- Funding Considerations
MAY	N. Old Woodward/Bates St. Parking and Site Redevelopment: RFQ issued
2017	
SEPTEMBER	N. Old Woodward/Bates St. Parking and Site Redevelopment: RFP Issued
2018	
JANUARY	Evaluation of Proposals: WBP/City Negotiations Commence

PROJECT FINANCIALS

FUNDING DETAILS

	BOND RESOLUTION APPROVAL – INITIAL GMP DELIVERED MAY 2019	REVISED GMP FINAL – DELIVERED JUNE 2019	ASSOCIATED COSTS SAVINGS – REVISED GMP
TOTAL GUARANTEED MAXIMUM PRICE (GMP)*	\$64,850,365	\$57,644,355	\$7,206,010
BOND ISSUANCE COSTS	\$2,549,635	\$2,500,645	\$48,990
TOTAL	\$67,400,000	\$60,145,000	\$7,255,000
LESS: PARKING FUND CONTRIBUTIONS	-\$10,000,000	-\$10,000,000	-\$0
NET BOND ISSUANCE	\$57,400,000	\$50,145,000	\$7,255,000

THE TOTAL CONSTRUCTION COST for Birmingham N.O.W. is \$57.6 million. The August 6 ballot question is requesting approval of an amount not to exceed \$57.4 million bond authorization. The actual bond issuance will be \$7.2 million less as a result of having a refinement of the original GMP.

***The Guaranteed Maximum Price (GMP)** is a cost commitment from WBP stipulating that they will honor their bid amounts for construction. The GMP was delivered by Walbridge Aldinger, who acting as the General Contractor, collected bids for the project. The City and its budget validation and market analysis consultant, Jones Lang LaSalle reviewed each bid and evaluated the costs independently. **The value of having the GMP is that those bids are to be honored by the developer even if there are fluctuations during the construction period. Further, WBP has agreed that they will assume the risk for cost overruns in the project, while the City will enjoy 100% of the savings if there are cost underruns.** Typically, there is a cost-sharing arrangement with developments of this type, where a City enjoys only a negotiated percentage of the potential savings.

On May 6, 2019, the City reviewed several configurations of the parking deck. That evening, the **City Commission** directed staff to explore cost-savings opportunities, with WBP, to reduce construction costs, **but agreed to approve the bond resolution language** for the configuration that would be the most expensive at \$67.4 million.

In June 2019, City staff presented an alternative that reduced the cost by \$7.25 million, by scaling back the number of parking spaces below ground, which were much more expensive to build. Given the reduction in cost, the City, would not plan to expend all available funding from the bond authorization, which would reduce the total bond issuance and associated debt service.

FINANCIAL FORECAST: FISCAL YEAR 2019 - 2020, THRU 2022 - 2023

THE FINANCIAL FORECAST WAS PREPARED in order to demonstrate the Automobile Parking System’s ability to pay for continued operations, capital improvements and transitional expenses during construction and debt service of the new structure into future years. The forecast assumes that the Old Woodward Parking Structure will cease operations January 1, 2020 and resume operations January 1, 2022. During this time, monthly parking permit holders in that structure will be parking in designated off-site parking lots. Parking rates and monthly permit fees will be adjusted to manage demands

	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
Beginning Reserves	\$17,500,000	\$9,107,900	\$10,186,700	\$12,118,650
Revenues:				
Monthly Parking	3,417,400	3,713,800	3,932,800	4,151,800
Transient Parking	2,689,000	2,518,000	2,833,000	3,148,000
Meter Parking	2,020,000	2,020,000	2,020,000	2,020,000
Other (Special Assess., Interest, Other)	<u>335,000</u>	<u>557,500</u>	<u>605,000</u>	<u>630,000</u>
Total Revenues	8,461,400	8,809,300	9,390,800	9,949,800
Expenditures:				
Operating	3,209,100	3,124,700	3,353,050	3,589,500
Capital	2,141,500	1,600,000	1,600,000	1,600,000
Debt *	1,002,900	2,005,800	2,005,800	3,348,400
Parking Mitigation	500,000	1,000,000	500,000	-0-
Portion of Deck Paid from Reserves	<u>10,000,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	16,853,500	7,730,500	7,458,850	8,537,900
Change in Reserves	<u>(8,392,100)</u>	<u>1,078,800</u>	<u>1,931,950</u>	<u>1,411,900</u>
Ending Reserves	\$9,107,900	\$10,186,700	\$12,118,650	\$13,530,550

*-Debt service consists of interest-only payments through 2022 and principal and interest payments of approximately \$3,348,400 through 2045

[Top: Financial projections worksheet.](#)

on the system through the period of construction. The parking system will use \$10 million dollars from its reserves to partially-fund the project of which \$3 million will be paid back to the system through a special assessment to the business owners in the Parking Assessment District over a ten-year period. A bond issuance of approximately \$50.1 million is anticipated. Interest-only payments will be made until the parking structure is completed, at which point principal and interest payments will start. Future debt payments beyond 2022-2023 will be approximately the same as 2022-2023 at \$3.3 million until 2044-2045. **As demonstrated in this forecast, there are sufficient reserves and revenue capacity in the system to pay for continued operations and future debt payments.**

PROJECT PROCESS

THE COMPETITIVE BID PROCESS for the Birmingham N.O.W. Project began in earnest in May 2016 with a request for qualifications (RFQ), proceeded with a request for proposals (RFP) in September 2017 and concluded in June 2018, when the City accepted the May 2018 recommendation of the AHPDC to proceed with WBP’s proposal. Key decision points that led to the final recommendation are listed below.

2016	
MAY	Requests for Qualifications Issued
2017	
SEPTEMBER	Requests for Proposals Issued
2018	
JANUARY	Proposal Received, Evaluation Matrix Developed
	Initial Request for Clarification Issued: All Proposals
FEBRUARY	AHPDC Review of Project Proposals
	Second Request for Clarifications Issued
MARCH	AHPDC Interviews with Project Teams
	Request to Extend Proposal Expiration 60 Days
APRIL	City Administration Meeting with Project Teams
MAY	AHPDC Recommendations to City Commission
JUNE	City Commission Adopts AHPDC Recommendation
	Staff Directed to Negotiate with the Walbridge/Woodward Bates Partners and Engage Professional Services
2019	
MAY	Bond Resolution and Ballot Language Approved
JUNE	Planning Board Commences Site Plan Review Process

Bond Ballot Language for August 6th

PARKING STRUCTURE BOND PROPOSAL

Shall the City of Birmingham, Oakland County, Michigan, borrow the principal sum of not to exceed Fifty-Seven Million Four Hundred Thousand Dollars (\$57,400,000) and issue its unlimited tax general obligation bonds in one or more series, payable over a period not to exceed thirty (30) years from the date of issuance, to be used by the City for the purpose of paying part of the cost of acquiring and constructing a new parking structure to replace the North Old Woodward parking structure, including related demolition, street and site improvements? The primary source of revenue intended to retire the bonds shall consist of revenues from the City’s Automobile Parking System.

YES

NO

Learn More:

To get more information, please visit our website: www.bhamgov.org

To request a presentation/discussion at your neighborhood association meeting please email: info@bhamgov.org

NOTE ON PENDING LITIGATION:

TIR has filed a lawsuit against the City of Birmingham, Commissioner Mark Nikita and City Manager Joseph Valentine in the United States Federal District Court for the Eastern District of Michigan. TIR, the losing bidder, has alleged a civil rights violation. The winning bidder Woodward Bates Partnership has intervened in the case as a defendant. Both the City and Woodward Bates Partners have filed separate dispositive motions to dismiss the case. The Court has not yet ruled on the pending motions.



TO: BIRMINGHAM RESIDENTS